

STATE OF IDAHO
OTHER POSTEMPLOYMENT BENEFITS
ACTUARIAL VALUATION
July 1, 2006

Prepared by
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August 20, 2007



Milliman



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August 20, 2007

Mr. Rick Thompson
Administrator
State of Idaho
Department of Administration
State House Building
Boise, ID 83720

Re: July 1, 2006 Postemployment Benefits Actuarial Valuation

Dear Rick:

As requested, we have prepared an actuarial valuation of the retiree medical, life, and self-funded disability benefits covering State of Idaho employees and retirees.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the State, Blue Cross of Idaho, and Principal. This information includes, but is not limited to: benefit descriptions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. In some cases, where the data were incomplete, we made assumptions as noted in Table C-7. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing or if our assumptions regarding incomplete data are incorrect. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this information is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

I further certify that all costs, liabilities, rates of interest, and other factors under the Plans have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plans and reasonable expectations) and which, in combination, offer our best estimate of anticipated experience affecting the plans. Nevertheless, the emerging costs will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions. The State of Idaho has the final decision regarding the appropriateness of the assumptions, which are summarized in Appendix A.



Actuarial computations under GASB No. 43 and No. 45 are for purposes of fulfilling employer and plan financial accounting requirements. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of GASB No. 43 and No. 45. Determinations for purposes other than meeting employer and plan financial accounting requirements may be significantly different from the results contained in these exhibits. Accordingly, additional determinations may be needed for other purposes.

Any distribution of this report must be in its entirety including this cover letter, unless prior written consent from Milliman is obtained. Milliman's work product was prepared exclusively for the State of Idaho for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the Plans' operations, and uses the State's data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs. Any distribution of this report must be produced in its entirety including this cover letter unless prior written consent is obtained from Milliman.

We would like to express our appreciation to the Idaho Department of Administration staff, who gave substantial assistance in supplying the data on which this report is based. We respectfully submit the following report, and we look forward to discussing it with you.

I, Robert L. Schmidt am a Consulting Actuary for Milliman. I am a member of the American Academy of Actuaries, a Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Schmidt".

Robert L. Schmidt, F.S.A., M.A.A.A.
Consulting Actuary

RLS/pap

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OTHER POSTEMPLOYMENT BENEFITS
ACTUARIAL VALUATION
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STATE OF IDAHO
OTHER POSTEMPLOYMENT BENEFITS
ACTUARIAL VALUATION

I. EXECUTIVE SUMMARY

The Governmental Accounting Standards Board (GASB) issued Statement No. 43 in April of 2004. This statement covers Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. GASB issued Statement No. 45 in June of 2004. This statement covers Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The State is not required to adopt Statement No. 43 until preparing financial statements for periods beginning after December 15, 2005. In addition, Statement No. 43 only applies where benefit obligations are pre-funded. For the State of Idaho, Statement No. 45 is effective for periods beginning after December 15, 2006.

Total State paid liabilities and costs measured as of July 1, 2006 for the retiree medical, life, and self-funded disability benefits covering State of Idaho employees and retirees are summarized on Table 1. The following key results are included in Table 1:

- Results are shown on a funded and unfunded (pay-as-you-go) basis. The discount rate used differs depending on the return assumed to be earned on the assets that will be used to pay benefits. In the unfunded scenario, the discount rate is the return that is expected to be earned on the State's general funds. In the funded scenario, the discount rate is consistent with the PERSI return assumption, since it is also a funded plan. Thus, the assumption is that assets would be invested similar to PERSI assets if the benefits were funded. If the State contributes an amount in between the unfunded and funded scenario, the discount rate assumption would be in between the two extremes. The liability and cost results would also vary accordingly.
- The total Present Value of Future Benefits (PVB) is included. The PVB is based on a projection of all State paid benefits that will be received in the future by current members, discounted to the valuation date.
- The Actuarial Accrued Liability (AAL) is also included. This amount represents the value of the State paid liability that is attributable to service rendered prior to the valuation date, according to the Projected Unit Credit cost method, which is further described in Appendix A. The AAL is summarized by component on Tables 2 and 3.
- The Annual Required Contribution (ARC) is also summarized. In the unfunded scenario, we assume that the contributions made by the State equal the benefit payments, and thus a net liability is built up. In the funded scenario, we assume that the ARC is contributed, and thus no net liability occurs. The components of the ARC are summarized on Tables 6 and 7.
- The 2006-2007 expected State paid benefit payments are included in summary form. They are broken down by component on Table 8 and projected for 10 years.



STATE OF IDAHO

**Table 1: July 1, 2006 Summary of State Paid Liabilities and Cost
(All Dollar Amounts in Millions)**

	<u>Unfunded</u>	<u>Funded</u>
Discount Rate	5.00%	7.25%
Present Value of Future Benefits (PVB)		
Medical *	\$ 544.2	\$ 351.8
Life	44.3	25.8
LTD **	20.5	17.7
Total	<u>\$ 609.0</u>	<u>\$ 395.3</u>
Actuarial Accrued Liability (AAL)		
Medical *	\$ 361.5	\$ 251.4
Life	28.5	18.3
LTD **	18.6	16.4
Total	<u>\$ 408.6</u>	<u>\$ 286.1</u>
Annual Required Contribution (ARC)		
Total	\$ 37.6	\$ 28.3
2006-2007 Expected Benefit Payments		
Total	\$ 8.9	\$ 8.9

* Medical includes LTD health continuation.

** LTD includes income and life (waiver of premium).

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ACTUARIAL VALUATION

II. ACTUARIAL VALUATION AS OF JULY 1, 2006

A. Valuation Methodology

This is a valuation of the State of Idaho retiree medical, life, and self-funded disability benefits covering State of Idaho retirees, spouses, and dependents.

In analyzing the State's GASB liabilities and ARC, several groups must be considered.

- Traditional Employees. Comprehensive medical benefits, LTD waiver of premium benefits, and LTD income benefits are provided to State employees who retire and satisfy the requirements outlined in Appendix B. Traditional employees are all members of PERSI.
- Colleges and Universities, Commerce and Labor, and Judges. These groups receive the same benefits as traditional employees, plus retiree life benefits. These groups have a mixture of PERSI and non-PERSI members who are in the Optional Retirement Program (ORP), Judges Retirement Fund, and the Idaho Department of Labor (IDOL) Retirement Plan. The eligibility requirements and benefit provisions are outlined in Appendix B.

The exhibits in this report present the liabilities separately for each of these retiree groups. This will identify the relative magnitude of the liabilities by group and will be useful if plan design alternatives that treat different groups in different ways are considered. However, the medical, LTD life, and LTD income data for current retirees and dependents was not provided by employer type, so these amounts are allocated to the retiree groups on a pro-rata basis according to the active and terminated vested Actuarial Accrued Liability figures.

For each group, Tables 2 through 5 show the Actuarial Accrued Liability and the Normal Cost (estimated value of benefits to be earned in the year following the valuation date). The total value of future benefits to be paid, offset by the value of future retiree premiums is included. Retirees are responsible for paying monthly premiums as shown in Table A-11. These premiums are paid from the Unused Sick Leave Benefit program, from PERSI pensions, or directly from retirees.

B. GASB AAL, ARC

GASB Statements No. 43 and No. 45 cover nonpension postretirement benefits. In summary, the statements hold that benefits should be recognized over the working lifetime of the employee, from the date of hire to the last date of employment.

The statements define two measures of plan liabilities, the Actuarial Present Value of Projected Total Benefits (PVB) and the Actuarial Accrued Liability (AAL).

The PVB is the present value of the future postemployment benefits payable by the State to current active members and retirees. This value is net of future retiree premiums. The total State paid PVB is shown in Table 1.

The AAL is the most important measure of liability because it is used to derive the annual ARC and disclosure values. The AAL is the portion of the PVB an individual has "earned" as of the measurement date. The portion of the PVB that the individual has earned as of the measurement date is determined using the Projected Unit Credit cost method. The AAL is shown in Tables 2 and 3.

Under GASB requirements, retiree medical benefits are assumed to be earned on a pro rata basis from the date of hire to the date of termination or retirement. For current retirees, the AAL is equal to the PVB. For active employees the pro rata portion of the PVB included in the AAL is the ratio of the years of service to date to the years of service at assumed termination or retirement. For example, the AAL for an employee hired at age 25 who is now age 40 and is projected to retire at age 55 is 15/30 of the employee's PVB.

The portion of the PVB that is anticipated to be earned in the year following the valuation date is the Normal Cost (NC). The NC is shown in Tables 4 and 5.

The Annual Required Contribution (ARC) is made up of two components: normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is the AAL net of assets. The UAAL is amortized over 30 years as a level percentage of payroll. This method complies with the GASB minimum amortization requirements.

Tables 6 and 7 detail the ARC for the 2007 fiscal year.

C. Estimated Pay-As-You-Go Costs

Table 8 projects the estimated annual State postretirement benefit costs, net of expected retiree premiums. These costs are pay-as-you-go costs shown by type of benefit.

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**Table 2: July 1, 2006 Actuarial Accrued Liability (AAL) at Unfunded Discount Rate (5.00%)
Retiree Medical and LTD Health Insurance Continuation
(All Dollar Amounts in Millions)**

	Traditional	Colleges and Universities *	Commerce and Labor *	Judges *	Total
1. AAL: Total Medical Benefits					
Pre 65					
Retirees	\$ 18.3	\$ 6.8	\$ 0.8	\$ 0.4	\$ 26.3
Term Vesteds	36.0	16.4	1.4	0.7	54.5
Actives	108.2	37.0	4.8	2.5	152.5
Total	\$ 162.5	\$ 60.2	\$ 7.0	\$ 3.6	\$ 233.3
Post 65					
Retirees	\$ 160.6	\$ 63.6	\$ 8.1	\$ 3.8	\$ 236.1
Term Vesteds	77.4	31.3	3.1	1.6	113.4
Actives	208.9	82.1	11.4	5.1	307.5
Total	\$ 446.9	\$ 177.0	\$ 22.6	\$ 10.5	\$ 657.0
2. AAL: Retiree Medical Premiums					
Pre 65					
Retirees	\$ 10.7	\$ 4.0	\$ 0.5	\$ 0.2	\$ 15.4
Term Vesteds	23.7	10.7	0.9	0.5	35.8
Actives	65.8	22.5	2.9	1.5	92.7
Total	\$ 100.2	\$ 37.2	\$ 4.3	\$ 2.2	\$ 143.9
Post 65					
Retirees	\$ 93.0	\$ 36.8	\$ 4.8	\$ 2.1	\$ 136.7
Term Vesteds	45.5	18.4	1.9	0.9	66.7
Actives	124.1	48.6	6.8	3.0	182.5
Total	\$ 262.6	\$ 103.8	\$ 13.5	\$ 6.0	\$ 385.9
3. AAL: Net State Paid Medical Benefits (1) - (2)					
Pre 65					
Retirees	\$ 7.6	\$ 2.8	\$ 0.3	\$ 0.2	\$ 10.9
Term Vesteds	12.3	5.7	0.5	0.2	18.7
Actives	42.4	14.5	1.9	1.0	59.8
Total	\$ 62.3	\$ 23.0	\$ 2.7	\$ 1.4	\$ 89.4
Post 65					
Retirees	\$ 67.5	\$ 26.9	\$ 3.4	\$ 1.6	\$ 99.4
Term Vesteds	31.9	12.9	1.2	0.7	46.7
Actives	84.8	33.5	4.6	2.1	125.0
Total	\$ 184.2	\$ 73.3	\$ 9.2	\$ 4.4	\$ 271.1
4. AAL: LTD Health Benefits (Retiree Only)	\$ 0.7	\$ 0.3	\$ -	\$ -	\$ 1.0
5. AAL: Total State Paid Medical Benefits (3) + (4) **					
Retirees	\$ 75.8	\$ 30.0	\$ 3.7	\$ 1.8	\$ 111.3
Term Vesteds	44.2	18.6	1.7	0.9	65.4
Actives	127.2	48.0	6.5	3.1	184.8
Total	\$ 247.2	\$ 96.6	\$ 11.9	\$ 5.8	\$ 361.5

* Non Traditional Groups have some PERSI members.

** Retiree data was not provided by employer type, amounts allocated based on Total.

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**Table 2 (Cont): July 1, 2006 Actuarial Accrued Liability (AAL) at Unfunded Discount Rate (5.00%)
Other Than Medical Benefits
(All Dollar Amounts in Millions)**

	Traditional	Colleges and Universities *	Commerce and Labor *	Judges *	Total
6. AAL: Retiree Life					
Retirees	\$ -	\$ 7.0	\$ 1.1	\$ 4.3	\$ 12.4
Term Vesteds	-	-	-	-	-
Actives	-	12.3	0.1	3.7	16.1
Total	\$ -	\$ 19.3	\$ 1.2	\$ 8.0	\$ 28.5
7. AAL: LTD Life (waiver of premium)					
Retirees	\$ 6.2	\$ 1.7	\$ 0.3	\$ 0.3	\$ 8.5
Term Vesteds	-	-	-	-	-
Actives	1.8	0.5	0.1	0.1	2.5
Total	\$ 8.0	\$ 2.2	\$ 0.4	\$ 0.4	\$ 11.0
8. AAL: LTD Income					
Retirees	\$ 5.5	\$ 1.5	\$ 0.3	\$ 0.3	\$ 7.6
9. AAL: Total Other Than Medical Benefits (6) + (7) + (8) **					
Retirees	\$ 11.7	\$ 10.2	\$ 1.7	\$ 4.9	\$ 28.5
Term Vesteds	-	-	-	-	-
Actives	1.8	12.8	0.2	3.8	18.6
Total	\$ 13.5	\$ 23.0	\$ 1.9	\$ 8.7	\$ 47.1
10. AAL: Total State Paid Medical, Life & LTD Benefits (5) + (9)**					
Retirees	\$ 87.5	\$ 40.2	\$ 5.4	\$ 6.7	\$ 139.8
Term Vesteds	44.2	18.6	1.7	0.9	65.4
Actives	129.0	60.8	6.7	6.9	203.4
Total	\$ 260.7	\$ 119.6	\$ 13.8	\$ 14.5	\$ 408.6

* Non Traditional Groups have some PERSI members.

** Retiree data was not provided by employer type, amounts allocated based on Total.

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**Table 3: July 1, 2006 Actuarial Accrued Liability (AAL) at Funded Discount Rate (7.25%)
Retiree Medical and LTD Health Insurance Continuation
(All Dollar Amounts in Millions)**

	Traditional	Colleges and Universities *	Commerce and Labor *	Judges *	Total
1. AAL: Total Medical Benefits					
Pre 65					
Retirees	\$ 17.1	\$ 6.5	\$ 0.8	\$ 0.4	\$ 24.8
Term Vesteds	27.8	13.1	1.1	0.6	42.6
Actives	83.9	29.0	3.8	2.0	118.7
Total	\$ 128.8	\$ 48.6	\$ 5.7	\$ 3.0	\$ 186.1
Post 65					
Retirees	\$ 128.9	\$ 51.1	\$ 6.7	\$ 3.2	\$ 189.9
Term Vesteds	44.8	18.1	1.9	1.0	65.8
Actives	126.3	49.8	7.0	3.2	186.3
Total	\$ 300.0	\$ 119.0	\$ 15.6	\$ 7.4	\$ 442.0
2. AAL: Retiree Medical Premiums					
Pre 65					
Retirees	\$ 10.2	\$ 3.8	\$ 0.4	\$ 0.2	\$ 14.6
Term Vesteds	18.4	8.6	0.7	0.4	28.1
Actives	50.9	17.6	2.2	1.2	71.9
Total	\$ 79.5	\$ 30.0	\$ 3.3	\$ 1.8	\$ 114.6
Post 65					
Retirees	\$ 75.5	\$ 29.8	\$ 3.9	\$ 1.8	\$ 111.0
Term Vesteds	26.8	10.8	1.1	0.6	39.3
Actives	76.5	30.1	4.3	1.9	112.8
Total	\$ 178.8	\$ 70.7	\$ 9.3	\$ 4.3	\$ 263.1
3. AAL: Net State Paid Medical Benefits (1) - (2)					
Pre 65					
Retirees	\$ 7.1	\$ 2.6	\$ 0.3	\$ 0.2	\$ 10.2
Term Vesteds	9.4	4.5	0.4	0.2	14.5
Actives	33.0	11.4	1.6	0.8	46.8
Total	\$ 49.5	\$ 18.5	\$ 2.3	\$ 1.2	\$ 71.5
Post 65					
Retirees	\$ 53.5	\$ 21.3	\$ 2.8	\$ 1.3	\$ 78.9
Term Vesteds	18.0	7.3	0.8	0.4	26.5
Actives	49.8	19.7	2.7	1.3	73.5
Total	\$ 121.3	\$ 48.3	\$ 6.3	\$ 3.0	\$ 178.9
4. AAL: LTD Health Benefits (Retiree Only)	\$ 0.7	\$ 0.3	\$ -	\$ -	\$ 1.0
5. AAL: Total State Paid Medical Benefits (3) + (4) **					
Retirees	\$ 61.3	\$ 24.2	\$ 3.1	\$ 1.5	\$ 90.1
Term Vesteds	27.4	11.8	1.2	0.6	41.0
Actives	82.8	31.1	4.3	2.1	120.3
Total	\$ 171.5	\$ 67.1	\$ 8.6	\$ 4.2	\$ 251.4

* Non Traditional Groups have some PERSI members.

** Retiree data was not provided by employer type, amounts allocated based on Total.

STATE OF IDAHO

**Table 3 (Cont): July 1, 2006 Actuarial Accrued Liability (AAL) at Funded Discount Rate (7.25%)
Other Than Medical Benefits
(All Dollar Amounts in Millions)**

	Traditional	Colleges and Universities *	Commerce and Labor *	Judges *	Total
6. AAL: Retiree Life					
Retirees	\$ -	\$ 5.4	\$ 0.7	\$ 3.0	\$ 9.1
Term Vesteds	-	-	-	-	-
Actives	-	7.2	-	2.0	9.2
Total	\$ -	\$ 12.6	\$ 0.7	\$ 5.0	\$ 18.3
7. AAL: LTD Life (waiver of premium)					
Retirees	\$ 5.8	\$ 1.6	\$ 0.4	\$ -	\$ 7.8
Term Vesteds	-	-	-	-	-
Actives	1.4	0.4	0.1	-	1.9
Total	\$ 7.2	\$ 2.0	\$ 0.5	\$ -	\$ 9.7
8. AAL: LTD Income					
Retirees	\$ 5.0	\$ 1.4	\$ 0.3	\$ -	\$ 6.7
9. AAL: Total Other Than Medical Benefits (6) + (7) + (8) **					
Retirees	\$ 10.8	\$ 8.4	\$ 1.4	\$ 3.0	\$ 23.6
Term Vesteds	-	-	-	-	-
Actives	1.4	7.6	0.1	2.0	11.1
Total	\$ 12.2	\$ 16.0	\$ 1.5	\$ 5.0	\$ 34.7
10. AAL: Total State Paid Medical, Life & LTD Benefits (5) + (9)**					
Retirees	\$ 72.1	\$ 32.6	\$ 4.5	\$ 4.5	\$ 113.7
Term Vesteds	27.4	11.8	1.2	0.6	41.0
Actives	84.2	38.7	4.4	4.1	131.4
Total	\$ 183.7	\$ 83.1	\$ 10.1	\$ 9.2	\$ 286.1

* Non Traditional Groups have some PERSI members.

** Retiree data was not provided by employer type, amounts allocated based on Total.

STATE OF IDAHO

Table 4: July 1, 2006 Normal Cost (NC) at Unfunded Discount Rate (5.00%)
(All Dollar Amounts in Millions)

	Traditional	Colleges and Universities *	Commerce and Labor *	Judges *	Total
1. NC: Total Medical Benefits					
Pre 65	\$ 11.8	\$ 4.2	\$ 0.5	\$ 0.2	\$ 16.7
Post 65	22.3	8.6	1.2	0.4	32.5
Total	\$ 34.1	\$ 12.8	\$ 1.7	\$ 0.6	\$ 49.2
2. NC: Retiree Medical Premiums					
Pre 65	\$ 7.2	\$ 2.5	\$ 0.3	\$ 0.1	\$ 10.1
Post 65	13.2	5.1	0.7	0.3	19.3
Total	\$ 20.4	\$ 7.6	\$ 1.0	\$ 0.4	\$ 29.4
3. NC: Net State Paid Medical Benefits (1) - (2)					
Pre 65	\$ 4.6	\$ 1.7	\$ 0.2	\$ 0.1	\$ 6.6
Post 65	9.1	3.5	0.5	0.1	13.2
Total	\$ 13.7	\$ 5.2	\$ 0.7	\$ 0.2	\$ 19.8
4. NC: Retiree Life	-	0.9	-	0.3	1.2
5. NC: LTD life	0.2	0.1	-	-	0.3
6. NC: Total State Paid Benefits (3) + (4) + (5)	\$ 13.9	\$ 6.2	\$ 0.7	\$ 0.5	\$ 21.3

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Table 5: July 1, 2006 Normal Cost (NC) at Funded Discount Rate (7.25%)
(All Dollar Amounts in Millions)

	Traditional	Colleges and Universities *	Commerce and Labor *	Judges *	Total
1. NC: Total Medical Benefits					
Pre 65	\$ 8.5	\$ 3.1	\$ 0.4	\$ 0.2	\$ 12.2
Post 65	12.6	4.8	0.7	0.3	18.4
Total	\$ 21.1	\$ 7.9	\$ 1.1	\$ 0.5	\$ 30.6
2. NC: Retiree Medical Premiums					
Pre 65	\$ 5.2	\$ 1.9	\$ 0.2	\$ 0.1	\$ 7.4
Post 65	7.6	2.9	0.4	0.2	11.1
Total	\$ 12.8	\$ 4.8	\$ 0.6	\$ 0.3	\$ 18.5
3. NC: Net State Paid Medical Benefits (1) - (2)					
Pre 65	\$ 3.3	\$ 1.2	\$ 0.2	\$ 0.1	\$ 4.8
Post 65	5.0	1.9	0.3	0.1	7.3
Total	\$ 8.3	\$ 3.1	\$ 0.5	\$ 0.2	\$ 12.1
4. NC: Retiree Life	-	0.5	-	0.1	0.6
5. NC: LTD life	0.1	0.1	-	-	0.2
6. NC: Total State Paid Benefits (3) + (4) + (5)	\$ 8.4	\$ 3.7	\$ 0.5	\$ 0.3	\$ 12.9

* Non Traditional Groups have some PERSI members.

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**Table 6: 2006-2007 Annual Required Contribution (ARC) at Unfunded Discount Rate (5.00%)
(All Dollar Amounts in Millions)**

	Retiree Medical and LTD Medical	Retiree Life and LTD Life	LTD Income	Total
1. Unfunded Actuarial Accrued Liability (UAAL)				
Present Value of Benefits (PVB)	\$ 544.2	\$ 57.2	\$ 7.6	\$ 609.0
Present Value of Future Normal Cost (PVFNC)	182.7	17.7	-	200.4
Actuarial Accrued Liability as of 7/1/2006	\$ 361.5	\$ 39.5	\$ 7.6	\$ 408.6
Fund Balance at 7/1/2006	-	-	-	-
Unfunded Actuarial Accrued Liability	\$ 361.5	\$ 39.5	\$ 7.6	\$ 408.6
2. Amortization of UAAL (Level % of Pay)				
Amortization Period (years)	30	30	30	30
Amortization of UAAL	\$ 12.9	\$ 1.4	\$ 0.3	\$ 14.6
3. 2006 - 2007 Annual Required Contribution (ARC)				
Amortization Payment of UAAL (Beginning of Year)	\$ 12.9	\$ 1.4	\$ 0.3	\$ 14.6
Normal Cost (Beginning of Year)	19.8	1.5	-	21.3
Interest to Fiscal Year End	1.6	0.1	-	1.7
Annual Required Contribution (ARC)	\$ 34.3	\$ 3.0	\$ 0.3	\$ 37.6

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**Table 7: 2006-2007 Annual Required Contribution (ARC) at Funded Discount Rate (7.25%)
(All Dollar Amounts in Millions)**

	Retiree Medical and LTD Medical	Retiree Life and LTD Life	LTD Income	Total
1. Unfunded Actuarial Accrued Liability (UAAL)				
Present Value of Benefits (PVB)	\$ 351.8	\$ 36.8	\$ 6.7	\$ 395.3
Present Value of Future Normal Cost (PVFNC)	100.4	8.8	-	109.2
Actuarial Accrued Liability as of 7/1/2006	\$ 251.4	\$ 28.0	\$ 6.7	\$ 286.1
Fund Balance at 7/1/2006	-	-	-	-
Unfunded Actuarial Accrued Liability	\$ 251.4	\$ 28.0	\$ 6.7	\$ 286.1
2. Amortization of UAAL (Level % of Pay)				
Amortization Period (years)	30	30	30	30
Amortization of UAAL	\$ 11.9	\$ 1.3	\$ 0.3	\$ 13.5
3. 2006 - 2007 Annual Required Contribution (ARC)				
Amortization Payment of UAAL (Beginning of Year)	\$ 11.9	\$ 1.3	\$ 0.3	\$ 13.5
Normal Cost (Beginning of Year)	12.1	0.8	-	12.9
Interest to Fiscal Year End	1.7	0.2	-	1.9
Annual Required Contribution (ARC)	\$ 25.7	\$ 2.3	\$ 0.3	\$ 28.3

This work product was prepared solely to provide assistance to the State of Idaho. It may not be appropriate to use for other purposes.
Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

STATE OF IDAHO

Table 8: Projected State Paid Benefit Payments
(All Dollar Amounts in Millions)

Fiscal Year Ending	Retiree and LTD Medical Benefits	Retiree and LTD Medical Premiums	Retiree Life and LTD Life	LTD Income	Total State Paid Benefits
6/30/2007	\$ 22.4	\$ (15.2)	\$ 0.7	\$ 1.0	\$ 8.9
6/30/2008	24.8	(15.4)	0.9	1.0	11.3
6/30/2009	29.1	(17.8)	1.1	0.9	13.3
6/30/2010	33.3	(20.3)	1.2	0.8	15.0
6/30/2011	38.2	(23.4)	1.4	0.8	17.0
6/30/2012	43.1	(26.4)	1.6	0.7	19.0
6/30/2013	47.9	(29.4)	1.8	0.6	20.9
6/30/2014	52.5	(32.3)	2.1	0.6	22.9
6/30/2015	57.1	(35.2)	2.3	0.5	24.7
6/30/2016	61.3	(37.7)	2.5	0.5	26.6

Projection Basis:

All Assumptions are met

No future members are reflected

D. Impact of Alternative Trend Rates on AAL and ARC Values

To analyze the sensitivity of the medical trend rate, the chart below shows the impact of a 1% increase or decrease in the assumed medical inflation rate on the GASB values. Results are shown on an ARC funding basis (7.25%) and a pay-as-you-go basis (5.00%) for the retiree medical and LTD medical benefits only.

	Valuation Medical Inflation Rates	Valuation Medical Inflation Rates Plus 1%	Valuation Medical Inflation Rates Minus 1%
	(in millions)		
Funded (7.25%)			
July 1, 2006 AAL	\$ 251.4	\$ 291.0	\$ 216.0
Percentage Increase/(Decrease)		15.8%	(14.1%)
2006 – 2007 ARC	\$ 25.7	\$ 30.7	\$ 21.5
Percentage Increase/(Decrease)		19.5%	(16.3%)
Unfunded (5.00%)			
July 1, 2006 AAL	\$ 361.5	\$ 432.2	\$ 302.2
Percentage Increase/(Decrease)		19.6%	(16.4%)
2006 – 2007 ARC	\$ 34.3	\$ 42.7	\$ 27.7
Percentage Increase/(Decrease)		24.5%	(19.2%)

The retiree life, LTD life, and LTD income are unaffected by the medical trend rate.

STATE OF IDAHO
OTHER POSTEMPLOYMENT BENEFITS
ACTUARIAL VALUATION

III. PROJECTIONS

Tables 9 and 10 contain simplified ten year projections of GASB results for the current plan. The projections assume that the State will continue the current benefit structure. In addition, the projections assume that GASB 45 is adopted in fiscal year 2008.

This projection is done on an approximate basis and is intended to illustrate the general growth patterns that can be expected.

For purposes of the projection, we assume that our actuarial assumptions will be exactly realized and that the active population characteristics will remain static during the projection period.

Table 9 shows the projection under pay-as-you-go funding. Since the actual contribution is less than the ARC and the Annual OPEB Expense, a Net OPEB Obligation is produced, and it grows steadily over the projection period.

Table 10 shows the projection based on annual funding equal to the ARC. Since the actual contribution is equal to the ARC, no Net OPEB Obligation is created, and a pool of assets is built up, with a projected funded ratio of approximately 35% by 2016.

This type of projection can be used to assess the impact of new plan designs.

STATE OF IDAHO

**Table 9: Projected AAL, ARC, and Net OPEB Obligation Assuming Pay-as-you-go Funding
(All Dollar Amounts in Millions) Assumes FY2008 Adoption of GASB 45**

Fiscal Year Ending	(1) Actuarial Accrued Liability (AAL)	(2) Annual Required Contribution	(3) Actual Contribution	(4) Annual OPEB Expense	(5) End of Year Net OPEB Obligation
6/30/2007	\$ 408.6	\$ NA	\$ 8.9	\$ NA	\$ NA
6/30/2008	442.3	41.3	11.3	41.3	30.0
6/30/2009	477.5	45.0	13.3	45.4	62.1
6/30/2010	514.9	49.1	15.0	50.0	97.1
6/30/2011	555.1	53.3	17.0	54.7	134.8
6/30/2012	598.0	57.8	19.0	59.7	175.5
6/30/2013	643.8	62.4	20.9	64.9	219.5
6/30/2014	692.8	67.0	22.9	70.2	266.8
6/30/2015	745.0	71.8	24.7	75.6	317.7
6/30/2016	800.8	76.7	26.6	81.3	372.4

(1) Beginning of fiscal year

(2) End of fiscal year

(3) Equals benefits paid

(4) Equals ARC, adjusted for interest and amortization of Net OPEB Obligation

(5) Equals (Prior year NOPEBO) + (Annual OPEB Expense) - (Actual Contribution)

Note: This projection assumes a FY2008 adoption of GASB45. Results would vary for a FY2007 adoption.

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**Table 10: Projected AAL, ARC, and Net Plan Assets Assuming ARC Funding
(All Dollar Amounts in Millions) Assumes FY2008 Adoption of GASB 45**

Fiscal Year Ending	(1) Actuarial Accrued Liability (AAL)	(2) Annual Required Contribution	(3) Benefit Payments	(4) Beginning of Year Plan Assets	(5) Beginning of Year Funded Ratio
6/30/2007	\$ 286.1	\$ NA	\$ 8.9	\$ NA	NA
6/30/2008	311.5	31.2	11.3	-	0%
6/30/2009	337.7	33.1	13.3	19.5	6%
6/30/2010	365.4	35.1	15.0	40.2	11%
6/30/2011	394.9	37.1	17.0	62.7	16%
6/30/2012	426.2	39.3	19.0	86.7	20%
6/30/2013	459.4	41.3	20.9	112.6	25%
6/30/2014	494.8	43.4	22.9	140.4	28%
6/30/2015	532.4	45.6	24.7	170.3	32%
6/30/2016	572.6	47.6	26.6	202.7	35%

Note: Net OPEB Obligation is Zero, since annual funding amount equals ARC.

- (1) Beginning of fiscal year
- (2) End of fiscal year. Equals Annual OPEB expense.
- (3) Assumed to occur mid year
- (4) Assumes ARC is deposited at end of year
- (5) Equals (Plan Assets) / (AAL)

Note: This projection assumes a FY2008 adoption of GASB45. Results would vary for a FY2007 adoption.

State of Idaho

Appendix A: Actuarial Procedures and Assumptions



The actuarial procedures and assumptions used in this valuation are described in this section. Where applicable, the same assumptions are used for the State of Idaho Other Post Employment Benefits (OPEB) valuation as for the PERSI valuation. Even though some of the active State employees are not members of PERSI, we have used the PERSI assumptions for them as well.

The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of the State of Idaho and of the State of Idaho itself in areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the State of Idaho's benefits.

Table A-1 summarizes the assumptions. The mortality rates are taken from the sources listed. The other rates were developed from the experience of the PERSI System and are illustrated in Tables A-2 through A-15, as noted.

Tables A-2 through A-8 give central rates of decrement expressed as percentages. The central rates of decrement are referred to in actuarial notation by the general symbol "m." The underlying theory is described more fully in Jordan, *Life Contingencies*, Society of Actuaries (Second Edition, 1967), page 273. Table A-9 is a table of "q"s which are also described in *Life Contingencies*.

Actuarial Cost Method

The actuarial valuation is prepared using the Projected Unit Credit (PUC) actuarial cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated pro-rata to each year of service between entry age and assumed exit.

**Actuarial Cost
Method
(continued)**

The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets (if the benefits are funded), and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL (or Surplus Funding) is amortized as a level percentage of the projected salaries of present and future members of the State over a 30-year period from the valuation date, this is commonly referred to as a “rolling 30 year amortization method”. This method does not actually amortize the amount; it merely rolls the debt forward and the amortization payment will not even cover the additional interest accruing each year.

Records and Data

The data used in this valuation consist of medical, life and disability claims and premium financial information and the age, service, and income records for contributing and former contributing members and their survivors. The data was supplied by the PERSI System, the State of Idaho Department of Administration, Blue Cross of Idaho, and Principal. The data was accepted for valuation purposes without audit but was reviewed for reasonableness.

**Growth in
Membership**

No growth in the total number of active members is assumed.

**Investment
Earnings and
Expenses**

If the benefits are funded and assets are invested in the same manner as the PERSI pension fund, the future investment earnings are assumed to be 7.25% per year, net of expenses. This is also the discount rate used to calculate the present value of future benefits.

If the benefits are not funded, GASB 45 requires that the discount rate for OPEB benefits be equal to the expected return on assets used to pay ongoing benefits. In this case, it would be the expected return on the State’s general funds. For purposes of this valuation, we have assumed this rate is 5%.

Medical Cost Trend

The rates of the Medical cost trends for the purposes of the valuation are illustrated in Table A-13. The medical cost trend is assumed to be different for retiree claims than for retiree premiums, because the premium increase from year to year is based on the combined active and retiree rate increase. In addition, the claims trend is different for pre 65 retirees and post 65 retirees given there is a greater drug component after age 65.

Future Salaries

The rates of annual salary increase assumed for the purpose of the valuation are illustrated in Table A-2. In addition to increases in salary due to promotions and longevity, this scale includes an assumed 4.50% per annum rate of increase in the general wage level of the membership, adopted July 1, 2004.

Retirement

After members attain age 55 (50 for fire and police) and have five years of service, they may retire early with a reduced pension benefit. These early retirement rates are shown in Table A-5. During the year after first satisfying the age and service requirements for unreduced PERSI benefits, whether for service or early retirement, members are assumed to retire at the rates shown in Table A-3. After the first year of eligibility, members are assumed to retire at the rates shown in Table A-4.

All general members who attain or who have attained age 75 in active service and all other members who have attained age 70 in active service are assumed to retire immediately.

All deferred vested members are assumed to retire according to table A-9. This is based on a study of recent PERSI data.

The assumptions regarding termination of employment, early retirement, and unreduced service retirement are treated as a single set of decrements with regard to a particular member. For example, a teacher member hired at age 30 could be expected to possibly withdraw from the PERSI System due to death, disability, or other termination of employment until age 55. After age 55, the member could still withdraw due to death or disability. From age 55-60, the member could also withdraw with an early PERSI retirement and a reduced benefit as shown in Table A-5. At age 60 (Rule of 90), the member is first eligible to retire with an unreduced benefit.

The probability of retiring at age 60 is shown in Table A-3. Thereafter, the probabilities of retirement for this member are indicated in Table A-4.

Thus, in no year during the member's projected employment would more than one of the decrements shown in Tables A-3, A-4, or A-5 be applied.

Tables A-3, A-4, and A-5 probabilities were revised July 1, 2004.

Disablement

The rates of disablement used in the valuation are illustrated in Table A-6. These rates were revised July 1, 2004.

**Mortality – Other
Than Disabled
Members**

Several different sets of mortality rates are used in the valuation for active members, members retired for service, and beneficiaries. These rates are illustrated in Table A-7A and Table A-7B. These rates were adopted July 1, 2006.

Teachers

<i>Males</i>	RP-2000 Combined Table for Healthy Individuals for males, set back two years.
<i>Females</i>	RP-2000 Combined Table for Healthy Individuals for females, set back two years.

Fire and Police

<i>Males</i>	RP-2000 Combined Table for Healthy Individuals for males with no offset.
<i>Females</i>	RP-2000 Combined Table for Healthy Individuals for females, with no offset.

General Employees and All Beneficiaries

<i>Males</i>	RP-2000 Combined Table for Healthy Individuals for males with no offset.
<i>Females</i>	RP-2000 Combined Table for Healthy Individuals for females, set back one year.

All mortality tables are adjusted with generational mortality adjustments using projection scale AA as shown in Table A-7B. The projection scale is applied from the year 2000 to the year in which the mortality assumption is being applied.

**Mortality – Disabled
Members**

For disabled members, the mortality rates used in the valuation are the rates from the RP-2000 table for disabled individuals for respective sexes, with a two year setback for males and a one year set forward for females. These rates are illustrative in Table A-7A. These rates were adopted July 1, 2006, and are also adjusted with the same projection scale as above.

**Other Employment
Terminations**

Table A-8 shows the rates assumed in this valuation for future withdrawal from active service for reasons other than death, disability, or retirement with an unreduced benefit. These rates were revised July 1, 2004.

Terminated members are assumed to retire based on a study of PERSI experience. Table A-9 shows the rates of retirement. The following are eligible:

- Post Retirement Medical for all terminated members in PERSI, Judicial, DOE, and ORP.
- Post Retirement Life for terminated members in the Idaho Department of Employment retirement program.

Table A-16 gives the assumed probabilities that vested members will withdraw their contributions immediately upon termination. These rates were adopted July 1, 2004. Terminating members who withdraw their contributions are not assumed to be eligible for deferred retiree medical coverage.

Note: Effective July 1, 1985, certain police officers were reclassified and included in the general employee group. For this class of members, the actuarial assumptions are the same as those shown for fire and police, except for the disablement rates, which are assumed to follow the general member rates.

Spouse Age and Enrollment Assumption

For future retirees, the spouse is assumed to be three years younger than the male members and three years older than the female members. Exceptions are made for current retirees if necessary to maintain consistency with the level of coverage elected by the retired member. 45% of future retirees are assumed to enroll a spouse. 60% of future disableds are assumed to enroll a spouse.

Retiree Medical Eligibility and Enrollment Assumptions

PERSI census data was analyzed to determine the following:

Probability of Initial Medical Enrollment Upon Retirement	50%
Probability of Medical Plan and Tier Selection Upon Retirement	Table A-10
Probability of Coverage after Retirement	Table A-14

Contribution and Claim Information

Retiree Contribution Information	Table A-11
Claim Cost Information	Table A-12
Medical Trend Assumption	Table A-13

LTD Information	LTD Assumptions	Table A-15
Administration Costs	Medical	4.76%
	Life	5.00%
	LTD	5.00%
Treatment of Incomplete Data	The methods we used to adjust for incomplete data are summarized in Exhibit C-7.	
Demographic Assumptions of Employer Groups	We assumed that College and University members and Judges who are not in PERSI would have the teachers' demographic assumptions, and Labor members who are not in PERSI would have the general members' demographic assumptions. We assumed current retiree enrollees in the medical plan have the general members' demographic assumptions as we were not able to distinguish which retiree was in which employer group.	

State of Idaho

Table A-1: Summary of Valuation Assumptions as of July 1, 2006

I.	Economic Assumptions	
A.	General wage increase and assumed payroll growth	4.50%
B.	Investment earnings (net of investment expenses)	
	Funded	7.25%
	Unfunded (Pay-As-You-Go)	5.00%
C.	Growth in membership	0.00%
D.	Medical cost trend	Table A-13
E.	Post retirement increase in judges retiree life benefit	4.50%
F.	Implied inflation (CPI)	3.75%
II.	Demographic Assumptions	
A.	Salary increase	Table A-2
B.	Retirement	Table A-3, A-4, A-5
C.	Disablement	Table A-6
D.	Mortality among contributing members, service retired members, and beneficiaries	Table A-7A, A-7B

Base mortality rates are shown in Table A-7A.

Basis – RP-2000 combined mortality table
for respective sexes, as adjusted:

<u>Class of Members</u>	<u>Adjustment</u>
Teachers - men	-2 years
Teachers - women	-2 years
Fire and police - men	0 years
Fire and police - women	0 years
General employees and all beneficiaries - men	0 years
- women	-1 year

All mortality tables are adjusted with generational mortality adjustments
using projection scale AA table as shown in Table A-7B.

E. Mortality among disabled members	Table A-7A, A-7B				
<p>Base mortality rates are shown in Table A-7A. RP-2000 table for disabled individuals for respective sexes, as adjusted:</p> <table> <tr> <td>Men</td> <td>-2 years</td> </tr> <tr> <td>Women</td> <td>+1 year</td> </tr> </table> <p>All mortality tables are adjusted with generational mortality adjustments using projection scale AA table as shown in Table A-7B.</p>		Men	-2 years	Women	+1 year
Men	-2 years				
Women	+1 year				
F. Other terminations of employment	Table A-8				
G. Retirement of terminated members	Table A-9				
H. Refund of contributions on vested termination	Table A-16				
III. Retiree Medical Enrollment Assumptions					
A. Probability of initial medical enrollment upon retirement	50%				
B. Probability of medical plan and tier selection upon retirement	Table A-10				
C. Probability of coverage after retirement	Table A-14				
IV. Retiree Contribution and Claim Cost Analysis	Tables A-11 to A-12				
V. Treatment of Incomplete Data	Table C-7				

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Table A-2: Future Salaries

Years of Service	Total Annual Increase in Salary ⁽¹⁾				
	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
1	9.5%	10.2%	10.2%	11.5%	10.5%
2	9.5	8.7	9.3	10.2	10.5
3	8.8	7.7	8.5	9.0	9.5
4	8.3	7.1	8.0	8.8	9.3
5	7.8	6.8	7.5	8.5	9.0
6	7.5	6.5	7.2	8.3	8.8
7	7.3	6.3	6.9	8.0	8.5
8	7.1	6.1	6.7	7.8	8.0
9	6.9	5.9	6.5	7.5	7.8
10	6.7	5.7	6.3	7.3	7.5
11	6.5	5.6	6.1	7.0	7.3
12	6.3	5.5	5.9	6.8	7.0
13	6.0	5.3	5.6	6.5	6.8
14	5.8	5.3	5.4	6.3	6.5
15	5.5	5.2	5.3	6.0	6.3
16	5.3	5.2	5.2	5.8	6.0
17	5.3	5.1	5.1	5.5	5.8
18	5.3	5.1	5.1	5.3	5.5
19	5.3	5.0	5.0	5.3	5.3
20	5.3	5.0	5.0	5.3	5.3
21 or more	5.3	5.0	5.0	5.3	5.3

(1) *The total expected increase in salary is the increase due to promotions and longevity, plus an assumed 4.50% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.*

State of Idaho

Table A-3: Immediate Retirement

Retirement Rates in First Year Eligible for Unreduced PERSI Benefits					
Age	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
55 ⁽¹⁾	30%	30%	30%	23%	22%
56	30	30	30	23	22
57	30	30	30	23	22
58	30	30	30	23	22
59	30	30	30	23	30
60	30	30	30	23	40
61	30	35	35	23	40
62	50	75	67	50	55
63	50	50	58	40	65
64	50	50	45	40	50
65	50	80	65	76	75
66	50	35	30	40	40
67	50	30	30	40	40
68	50	30	30	40	40
69	50	30	30	40	40
70	(2)	30	30	(2)	(2)
71		30	30		
72		30	30		
73		30	30		
74		30	30		
75		(2)	(2)		

(1) 20% rate assumed for fire and police members eligible from age 50 to 54.

(2) For all ages older than the age indicated, retirement is assumed to occur immediately.

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Table A-4: Service Retirement

Retirement Rates Among Persons Who Have Been Eligible for Unreduced PERSI Benefits for At Least One Year					
Age	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
55 ⁽¹⁾	20%	10%	15%	10%	10%
56	20	10	15	10	10
57	20	10	15	10	10
58	20	10	15	10	10
59	20	15	15	15	10
60	25	15	20	15	20
61	30	15	25	20	20
62	50	55	50	45	35
63	35	30	30	20	20
64	35	30	30	20	20
65	45	75	65	65	70
66	45	35	40	35	50
67	45	30	30	35	35
68	45	30	25	35	35
69	45	30	25	35	35
70	(2)	30	25	(2)	(2)
71		30	25		
72		30	25		
73		30	25		
74		30	25		
75		(2)	(2)		

(1) Age 55 rate assumed for fire and police members eligible from age 50 to 54.

(2) For all ages older than the age indicated, retirement is assumed to occur immediately.

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Table A-5: Early Retirement

Age	Retirement Rates Among Persons Eligible for Reduced PERSI Early Retirement Benefits				
	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
50	6%				
51	6				
52	6				
53	6				
54	7	(1)	(1)	(1)	(1)
55	7	3%	3%	7%	6%
56	8	3	3	8	6
57	8	5	3	9	6
58	9	5	5	11	8
59	9	5	6	12	9
60		7	9	13	15
61		9	9	14	20
62		33	30	25	30
63		15	15	20	20
64		15	15	20	20

(1) Not eligible for retirement.

State of Idaho

Table A-6: Disablement

Age	Annual Rates				
	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
20	0.01%	0.01%	0.01%	0.01%	0.03%
25	0.01	0.05	0.01	0.01	0.03
30	0.02	0.06	0.01	0.05	0.04
35	0.03	0.10	0.02	0.05	0.05
40	0.06	0.10	0.05	0.05	0.07
45	0.18	0.10	0.07	0.05	0.08
50	0.28	0.11	0.13	0.10	0.16
55	0.30	0.50	0.23	0.35	0.24
60	0.00	0.50	0.32	0.35	0.26
65	0.00	0.00	0.00	0.00	0.00

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Table A-7A: Mortality (Base Rates for Year 2000)

Age	Annual Rates							
	Beneficiaries, Contributing Members, and Members Retired for Service						Disabled Members	
	Fire and Police ⁽¹⁾		General Employees		Teachers		Men	Women
	Men	Women	Men	Women	Men	Women		
20	0.035%	0.019%	0.035%	0.019%	0.032%	0.019%	2.283%	0.748%
25	0.038	0.021	0.038	0.020	0.037	0.020	2.283	0.748
30	0.044	0.026	0.044	0.025	0.039	0.024	2.283	0.748
35	0.077	0.048	0.077	0.044	0.063	0.039	2.283	0.748
40	0.108	0.071	0.108	0.065	0.096	0.060	2.283	0.748
45	0.151	0.112	0.151	0.103	0.130	0.094	2.283	0.822
50	0.214	0.168	0.214	0.155	0.186	0.144	2.676	1.256
55	0.363	0.272	0.363	0.243	0.292	0.221	3.341	1.775
60	0.677	0.507	0.677	0.445	0.529	0.393	4.012	2.320
65	1.282	0.975	1.282	0.866	1.006	0.768	4.769	3.004
70	2.246	1.688	2.246	1.497	1.803	1.354	5.858	4.096
75	3.856	2.851	3.856	2.579	3.086	2.324	7.608	5.738
80	6.651	4.696	6.651	4.239	5.352	3.832	10.265	8.023
85	11.725	8.057	11.725	7.202	9.393	6.452	13.714	11.316
90	20.193	14.096	20.193	12.670	16.285	11.339	17.650	16.181

(1) For Fire and Police, 20% of deaths while an active member are assumed to be duty related.

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Table A-7B: Mortality Projection Scales
Apply from 2000 to Year of Decrement

Age	Annual Rates							
	Beneficiaries, Contributing Members, and Members Retired for Service						Disabled Members	
	Fire and Police		General Employees		Teachers		Men	Women
	Men	Women	Men	Women	Men	Women		
20	1.9%	1.6%	1.9%	1.5%	1.9%	1.4%	1.9%	1.7%
25	1.0	1.4	1.0	1.5	1.5	1.6	1.5	1.2
30	0.5	1.0	0.5	1.2	0.5	1.2	0.5	0.8
35	0.5	1.1	0.5	1.0	0.5	0.9	0.5	1.2
40	0.8	1.5	0.8	1.5	0.6	1.4	0.6	1.5
45	1.3	1.6	1.3	1.5	1.1	1.5	1.1	1.7
50	1.8	1.7	1.8	1.8	1.6	1.8	1.6	1.6
55	1.9	0.8	1.9	1.0	2.0	1.2	2.0	0.6
60	1.6	0.5	1.6	0.5	1.6	0.5	1.6	0.5
65	1.4	0.5	1.4	0.5	1.4	0.5	1.4	0.5
70	1.5	0.5	1.5	0.5	1.4	0.5	1.4	0.6
75	1.4	0.8	1.4	0.7	1.5	0.7	1.5	0.8
80	1.0	0.7	1.0	0.7	1.2	0.7	1.2	0.7
85	0.7	0.6	0.7	0.7	0.8	0.7	0.8	0.5
90	0.4	0.3	0.4	0.3	0.5	0.4	0.5	0.3

These rates are applied to reduce the assumed mortality rate for each year from the base year (2000) to the year in which a probability of death is being determined for a participant.

State of Idaho

Table A-8: Other Terminations of Employment

Years of Service	Annual Rates				
	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
1	17.5%	26.0%	26.0%	14.0%	16.8%
2	13.0	18.5	20.0	12.0	14.0
3	11.0	13.0	15.0	10.0	12.0
4	9.5	12.0	12.0	8.0	9.0
5	8.0	10.0	11.0	6.0	7.0
6	7.0	8.8	10.0	5.3	6.0
7	6.0	7.2	9.0	4.7	5.0
8	5.0	6.5	8.0	4.0	4.0
9	4.8	6.0	7.4	3.6	3.6
10	4.6	5.5	6.8	3.3	3.3
11	4.4	5.0	6.2	2.9	2.9
12	4.2	4.5	5.6	2.6	2.6
13	4.0	4.0	5.0	2.2	2.2
14	3.6	3.8	4.8	2.1	2.1
15	3.2	3.6	4.6	2.0	2.0
16	2.8	3.4	4.4	1.8	1.8
17	2.4	3.2	4.2	1.7	1.7
18	2.0	3.0	4.0	1.6	1.6
19	2.0	2.8	3.7	1.6	1.6
20	2.0	2.6	3.4	1.6	1.6
21	2.0	2.4	3.1	1.6	1.6
22	2.0	2.2	2.8	1.6	1.6
23	2.0	2.0	2.5	1.6	1.6
24	2.0	2.0	2.4	1.6	1.6
25	2.0	2.0	2.3	1.6	1.6
26	2.0	2.0	2.2	1.6	1.6
27	2.0	2.0	2.1	1.6	1.6
28	2.0	2.0	2.0	1.6	1.6
29	2.0	2.0	2.0	1.6	1.6
30	2.0	2.0	2.0	1.6	1.6
31 or more	2.0	2.0	2.0	1.6	1.6

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State of Idaho

Table A-9: Retirement of Terminated Members

Annual Rates		
Age	General and Teachers	Fire and Police
50	0%	25%
51	0	10
52	0	10
53	0	10
54	0	15
55	14	35
56	9	45
57	9	20
58	9	20
59	14	20
60	20	20
61	20	20
62	20	90
63	20	35
64	40	75
65	75	75
66	50	75
67	30	75
68	30	75
69	30	75
70 or older	100	100

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State of Idaho

Table A-10: Probability of Medical Plan and Tier Selection upon Retirement

The 7/1/06 data from Blue Cross was used to estimate which tier is selected upon retirement. Our assumptions are summarized below.

Retiree Age	Benefit Coverage Tier				Grand Total
	Retiree Only	Retiree + Child(ren)	Retiree + Spouse	Retiree+ Spouse+ Child(ren)	
Pre 65	56%	1%	41%	2%	100%
Post 65	55%	0%	45%	0%	100%
Total	55%	0%	44%	1%	100%

Plan selection at retirement is modeled through the claim cost analysis. The current proportions of enrollees by plan as summarized in Exhibit C-6 are assumed to remain the same for future retirees.

State of Idaho

Table A-11: Retiree Monthly Premium Information as of July 1, 2006

No Covered Person with Medicare	Retiree Only	Retiree + Child(ren)	Retiree + Spouse	Retiree + Spouse + Child(ren)
PPO Basic RX Benefit	\$ 393	\$ 505	\$ 697	\$ 809
PPO Extended RX Benefit	472	664	853	1,044
TRAD Basic RX Benefit	401	522	713	834
TRAD Extended RX Benefit	480	680	869	1,069

One Covered Person with Medicare	Retiree Only	Retiree + Child(ren)	Retiree + Spouse	Retiree + Spouse + Child(ren)
PPO Basic RX Benefit	\$ 190	\$ 303	\$ 584	\$ 697
PPO Extended RX Benefit	269	461	740	932
TRAD Basic RX Benefit	190	311	593	713
TRAD Extended RX Benefit	269	469	749	948

Two Covered People with Medicare	Retiree Only	Retiree + Child(ren)	Retiree + Spouse	Retiree + Spouse + Child(ren)
PPO Basic RX Benefit	NA	NA	\$ 368	\$ 479
PPO Extended RX Benefit	NA	NA	525	714
TRAD Basic RX Benefit	NA	NA	368	488
TRAD Extended RX Benefit	NA	NA	525	723

Monthly Premiums of Future Retirees

In order to value the premiums of future retirees, an enrollment based weighted average of each of the plans' premiums is used.

Pre 65		Post 65	
Retiree	Spouse	Retiree	Spouse
\$ 414	\$ 355	\$ 213	\$ 199

Except for the pre and post 65 split, the current and future retiree medical premiums are not assumed to vary by age.

Other Former Active Premiums

Former active members are not required to pay premiums for LTD income, LTD life, or Retiree Life and Retiree Dependent Life plans. Disabled members have to pay the active employee premium rate for LTD health.

State of Idaho

Table A-12: Claim Cost Analysis

The gross claim costs for future retirees are estimates based on incurred claim data provided by Blue Cross of Idaho, projected to the fiscal year beginning July 1, 2006. Claim data was segmented between pre 65 and post 65 retirees. The following methodology was used:

Experience Period: Claims incurred between July 1, 2005 and June 30, 2006
 Medical Trend Rate: 10% Medical, 12% Pharmacy

Administrative expense loads of 4.76% were added to the incurred claim estimates. The resulting estimated monthly claim costs by age for the fiscal year beginning July 1, 2006 are shown in the table below:

Age	Retiree			Spouse + Dependents + Surviving Spouse		
	Male	Female	Total	Male	Female	Total
25 \$	95.39	\$ 210.99	\$ 141.23	\$ 102.69	\$ 273.27	\$ 245.62
30 \$	115.24	\$ 241.99	\$ 165.49	\$ 124.05	\$ 292.25	\$ 265.05
35 \$	143.64	\$ 255.34	\$ 187.92	\$ 154.63	\$ 294.87	\$ 272.19
40 \$	180.18	\$ 268.16	\$ 214.88	\$ 193.97	\$ 299.99	\$ 282.70
45 \$	231.09	\$ 299.51	\$ 257.97	\$ 248.78	\$ 327.08	\$ 314.21
50 \$	304.22	\$ 358.62	\$ 325.59	\$ 327.51	\$ 386.56	\$ 376.83
55 \$	403.72	\$ 434.50	\$ 416.00	\$ 434.62	\$ 466.27	\$ 461.15
60 \$	525.52	\$ 522.25	\$ 524.46	\$ 565.75	\$ 559.50	\$ 560.64
65 (Pre 65) \$	682.79	\$ 642.47	\$ 666.74	\$ 735.06	\$ 687.93	\$ 695.57
65 (Post 65) \$	229.66	\$ 228.01	\$ 228.94	\$ 231.73	\$ 229.70	\$ 230.24
70 \$	286.58	\$ 271.09	\$ 279.29	\$ 289.16	\$ 273.07	\$ 276.84
75 \$	332.44	\$ 306.22	\$ 319.45	\$ 335.43	\$ 308.45	\$ 315.06
80 \$	361.84	\$ 332.46	\$ 347.95	\$ 365.09	\$ 334.88	\$ 342.38
85 \$	371.76	\$ 343.08	\$ 358.50	\$ 375.10	\$ 345.57	\$ 352.89
90 \$	372.46	\$ 344.43	\$ 359.30	\$ 375.80	\$ 346.93	\$ 354.04
95 \$	372.46	\$ 344.43	\$ 359.30	\$ 375.80	\$ 346.93	\$ 354.04

The retiree paid portion of the claim costs for the fiscal year beginning July 1, 2006 is based on the actual premiums from Table A-9, without age adjustments, since the retiree premiums are determined based upon the overall active and retiree combined rate increase.

For current retired members, spouses, dependents and surviving spouses, the claim costs are based on incurred claim data provided by Blue Cross of Idaho, projected to the fiscal year beginning July 1, 2006. The tables below show the age 65 adjusted claim costs. Adjustments by age and gender are based on the same methodology used in the table above.

<u>Plan</u>	<u>Gender</u>	<u>Pre 65</u>		<u>Post 65</u>	
		<u>Retiree</u>	<u>Spouse</u>	<u>Retiree</u>	<u>Spouse</u>
PPO Basic RX Benefit	Male	\$ 513.83	\$ 560.16	\$ 151.83	\$ 148.27
PPO Extended RX Benefit	Male	\$ 956.87	\$ 1,002.13	\$ 362.60	\$ 367.89
TRAD Basic RX Benefit	Male	\$ 598.72	\$ 647.43	\$ 162.97	\$ 165.00
TRAD Extended RX Benefit	Male	\$ 1,272.68	\$ 1,334.76	\$ 406.39	\$ 415.16
PPO Basic RX Benefit	Female	\$ 483.49	\$ 524.24	\$ 150.74	\$ 146.97
PPO Extended RX Benefit	Female	\$ 900.36	\$ 937.87	\$ 359.99	\$ 364.67
TRAD Basic RX Benefit	Female	\$ 563.36	\$ 605.92	\$ 161.80	\$ 163.56
TRAD Extended RX Benefit	Female	\$ 1,197.52	\$ 1,249.18	\$ 403.47	\$ 411.53

State of Idaho

Table A-13: Medical Trend Assumption

The medical trend assumptions are shown in the table below. In developing these assumptions, we included the following factors:

- The premiums paid by retirees are based on the rate increases for the combined active and retired group.
- Pharmacy claims are projected to trend at a faster rate than medical claims.
- Over time, deductibles and out of pocket maximums will be periodically increased as medical trends increase.

Fiscal Year Ending ⁽¹⁾	Retiree Premiums	Retiree Claims	
		Pre 65	Post 65
6/30/2007 ⁽²⁾	0.00%	10.24%	10.64%
6/30/2008	10.00%	10.00%	10.70%
6/30/2009	9.50%	9.40%	10.10%
6/30/2010	8.90%	8.90%	9.40%
6/30/2011	8.40%	8.30%	8.80%
6/30/2012	7.80%	7.80%	8.20%
6/30/2013	7.30%	7.20%	7.50%
6/30/2014	6.70%	6.70%	6.90%
6/30/2015	6.10%	6.10%	6.30%
6/30/2016	5.60%	5.60%	5.60%
6/30/2017	5.00%	5.00%	5.00%

(1) Trend rates apply from the midpoint of the applicable fiscal year to the midpoint of the next fiscal year.

(2) First-year trend rates are adjusted to reflect retiree premiums and benefit changes effective July 1, 2007.

State of Idaho

Table A-14: Probability of Coverage After Retirement

The table below reflects the likelihood that a retiree who elects to be covered will continue coverage after retirement. For example, a retiree who was initially covered at retirement is assumed to have a 75% probability of being covered 5 years after retirement. PERSI data was used to develop this assumption for the July 1, 2006 valuation.

Years after Retirement	Probability of Coverage
0	100%
1	95%
2	90%
3	85%
4	80%
5	75%
6	70%
7	65%
8	60%
9	55%
10 or more	50%

State of Idaho

Table A-15: LTD Assumptions

The following assumptions are used in addition to assumptions listed on prior pages for valuing LTD benefits.

LTD Health

Percent with Spouse/Dependent Enrollment	60%
Claim Cost Basis	Traditional Extended Rx Rates
Duration	30 months

At the end of this benefit period, if a disabled member is eligible for PERSI disability, the disabled member is assumed to enroll in a retiree medical plan using the same enrollment assumptions as a healthy retiree.

LTD Life (Current Retirees Only)

Percent Married	60%
Current Retiree Mortality Table	Krieger Table

Self Insured LTD for members disabled prior to 6/30/2003 (Current Retirees Only)

Disability Table	1987 Commissioner's Group Disability Table
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State of Idaho

Table A-16: Immediate Refund of Contributions Upon Termination of Employment While Vested

Age	Probabilities of Immediate Refund				
	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
25	71%	70%	58%	77%	41%
30	62	58	44	57	26
35	57	47	40	39	20
40	52	42	40	32	20
45	47	37	34	27	17
50	0	32	27	19	12
55	0	0	0	0	0

Terminated employees are not assumed to be eligible for deferred medical coverage if they take a refund of contributions.

State of Idaho

Appendix B: Summary of Retiree Benefits

1. *Retiree Medical Plans*

All active and vested terminated members including disabled members may participate in the retiree medical plan if they are eligible. To be eligible for the State's retiree group medical plan, a retiree must be receiving monthly retirement benefits from a State retirement system (PERSI, Judicial Branch, Commerce and Labor, or ORP). The unreduced regular retirement allowance must equal or exceed the Single retiree premium rate in effect on the date coverage becomes effective, or the retiree must have ten or more years of credited State service. Surviving Spouses of retirees are eligible for The State of Idaho subsidized COBRA for 18 months after the retiree dies. Surviving Spouses of vested terminated members are not eligible for the COBRA subsidy.

Retirees may elect one of four plans: traditional plan with a \$4,000 State paid prescription drug cap, traditional plan with no prescription drug cap, PPO plan with a \$4,000 State paid prescription drug cap, or the PPO plan with no prescription drug cap. For all plans, Medicare payments are subtracted from plan benefits payable after the State's plan provisions are applied (carve-out).

Traditional Plan

Deductible:	\$350/year
Coinsurance:	80%, with \$3,950 copayment limit
Lifetime Maximum:	\$1,000,000

PPO Plan

Deductible:	\$250/year in-network \$500/year out-of-network
Coinsurance:	85% with \$3,000 copayment limit in-network 70% with \$6,000 copayment limit out-of-network
Lifetime Maximum:	\$1,000,000

Prescription Drug Capped and Non Capped Plans

Network Copays:	Generic: \$12 Brand with no generic equivalent: \$18 Brand with generic equivalent: \$40 plus cost difference
Non-Network Copays:	\$25 plus 20% of balance
Generic Statin Copays:	\$0 effective 7/1/2007
Maintenance Drugs:	Two copayments for each 90-day supply

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2. *Retiree Life Plans*

Actives who retire from the Labor, Judges, and College and University (C&U) groups except the College of Southern Idaho (CSI), and vested terminated members in the labor group who are a DOE Retiree may participate if they are eligible. Active Traditional State employees and any other vested terminated members are not eligible. The eligibility requirements are detailed below.

Retiree Life Eligibility Summary		
Class	Group	Eligibility
D	Boise State University (BSU)	A member must have 30 years service, OR age 65, with 15 years of service; OR age and years of service total at least 80. Years of service have to be at BSU.
D	Idaho State University (ISU)	A member has to retire from ISU and the retiree's age and ISU years of service have to total at least 80.
D	Lewis and Clark State College (LCSC)	A member has to retire from LCSC and have worked 5 years for LCSC.
D	Eastern Idaho Technical College (EITC)	A member has to retire from EITC. There are no age and service requirements.
E	Labor	Anybody who is a retiree under the old DOE retirement system is eligible. Actives who were hired on or before October 1, 1980 are also eligible.
F & G	Judicial	A member must be receiving a retirement benefit from Judges Retirement or PERSI. A member has to be retired, age 65 and have at least 4 years service with Judicial Branch. Those on PERSI retirement must be age 60 with 10 or more years of service with Judicial; or age 55 with 15 years service with Judicial; or have worked for 20 or more years for Judicial.

While the most common benefit amount is 100% of annual salary as of the day preceding retirement, that rule does not hold true for all classes. The table below outlines the benefit amounts for each eligible class.

Retiree Life Benefit Summary		
Class	Group	Benefit Amount
D	All Certified Retired Employees of Boise State University, Idaho State University, Lewis-Clark State College, and Eastern Idaho Technical College.	100% of Annual Salary as of the day preceding retirement.
E	All Certified Retired Employees of the Department of Employment.	50% of Annual Salary as of the day preceding retirement, not to exceed \$5,000 of Insurance.
F	All Retired Certified Officials who retired on or after January 1, 1975 and who were Idaho Supreme Court Justices or District Court Judges.	100% of current Annual Salary of the Office from which the official retired.
G	All retired Certified Officials who retired on or after July 1, 1975, including any such judge who retired prior to July 1, 1975, as defined in Chapter 22, Title 1, of the Idaho Code, and who where judges of the magistrate.	100% of current Annual Salary of the Office from which the official retired.

Members in classes D, F, and G will have 75% of the benefit amount after age 65 and 50% after age 70.

3. *Post-Employment Retiree Dependent Life Insurance*

Only dependents of retirees who were in class D of the College and University group except CSI may participate. Eligibility is the same as section 2 Retiree Life Plans. The policy for a spouse is for \$1,000 and a dependent child is \$500.

4. Long-Term Disability Insurance

All Active employees who are an officer or employee of a State department, agency or institution, working twenty hours or more per week or eighty-four hours per month, and expected to work at least five months during any consecutive twelve month period are eligible to participate.

Disability Definition: Disabled employees are defined as being unable to perform each of the substantial and material duties of the job for which they were hired for the first 30 months of disability, or any job thereafter for which they are reasonably qualified by experience, education, or training.

Waiting Period: LTD benefits do not start until the latest of 26 consecutive weeks of Total Disability or Residual Disability and the exhaustion of all sick leave earned as of the date of Total Disability or Residual Disability.

Maximum Benefit Period: For each employee who becomes Totally Disabled or Residually Disabled (as defined by Principal Life Insurance Company) prior to age 70, benefits payable until the attainment of age 70.

For each employee who becomes Totally Disabled or Residually Disabled between the ages of 70 and 75, benefits are payable until the earlier of recovery or twelve months of benefit payments under this contract.

For each employee who becomes Totally Disabled at age 75 or older, benefits are payable until the earlier of recovery or six months of benefit payments under this contract.

Benefit: LTD Income

Only members disabled prior to July 1, 2003 are included in this valuation. All members disabled on or after July 1, 2003 are considered an allocated insurance contract and are not subject to GASB 45.

The gross benefit equals 60% of monthly salary or \$3,000 (whichever is smaller). The benefit does not increase with inflation, and it may be offset by other disability benefits from Social Security, Workers' Compensation or PERSI. The State pays 100% of the cost of the program.

Additional Benefits:

LTD Waiver

This benefit is valued for any member on LTD regardless of date of disability.

The State pays 100% of the cost of basic life and dependent life coverage for disabled employees. The life insurance benefit amount is generally 100% of annual salary, but not less than \$20,000. In addition, a \$2,000 life insurance benefit is provided to spouses, and a \$1,000 life insurance benefit is provided to dependant children. These benefits do not increase with inflation.

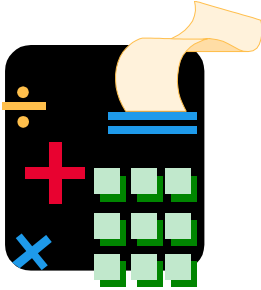
LTD Health Insurance Continuation

This benefit is valued for any member on LTD regardless of date of disability.

For up to 30 months following the date of disability, the State pays 100% of the State's share of medical/dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for these benefits.

The State of Idaho

Appendix C: Valuation Data and Schedules



Data on the State of Idaho membership as of June 30, 2006, was supplied to us by PERSI, the Department of Administration, Blue Cross of Idaho, and Principal. Active and Deferred Vested data is used from the pension valuation. Data for retired members and dependents was provided separately for this valuation. On the following tables, we present a summary of the State of Idaho membership at June 30, 2006, for active, vested terminated and retired members.

Table C-1: Summary of Active Members

Table C-2: Summary of Retired Members and Dependents

Table C-3: Summary of Deferred Vested Members

Table C-4: Age and Service Distribution of Active Members

Table C-5: Retiree Age Distributions by Benefit Type

Table C-6: Retiree and Dependent Medical Plan Distribution

Table C-7: Treatment of Incomplete Data

The State of Idaho

Table C-1: Summary of Active Members

	Medical & LTD Health and Waiver of Premium		
	Count	Average Age	Average Service
<i>Traditional</i>	13,987	46.2	10.1
<i>College & University</i>	4,710	47.0	11.0
<i>Judges</i>	244	50.6	13.6
<i>Labor</i>	717	47.4	10.4
<i>Total</i>	19,658	46.5	10.4

	Retiree Life		
	Count	Average Age	Average Service
<i>Traditional</i>	-	-	-
<i>College & University</i>	4,140	46.9	11.9
<i>Judges</i>	244	50.6	13.8
<i>Labor</i>	47	57.1	30.0
<i>Total</i>	4,431	47.2	12.2

	Retiree Dependent Life		
	Count	Average Age	Average Service
<i>Traditional</i>	-	-	-
<i>College & University</i>	4,140	46.9	11.9
<i>Judges</i>	-	-	-
<i>Labor</i>	-	-	-
	4,140	46.9	11.9

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Table C-2: Summary of Retired Members and Dependents

		Retiree Medical & LTD		
	Gender	Retiree	Dependents	Total
<i>Medical</i>	<i>M</i>	1,785	1,100	2,885
	<i>F</i>	1,339	336	1,675
<i>LTD Income</i>	<i>M</i>	58	-	58
	<i>F</i>	120	-	120
<i>LTD Waiver</i>		544	680	1,224
<i>LTD HI Cont</i>		121	-	121
		Retiree Life		
		Retiree	Dependents	Total
<i>Traditional</i>		-	-	-
<i>College & University</i>		633	Not Available	(1)
<i>Judges</i>		95	-	95
<i>Labor</i>		453	-	453
<i>Total</i>		1,181	Not Available	(1)

(1) Incomplete information.

		Retiree Life Assumptions		
	Age Group	Count	Average Average Age	Annual Average Salary
<i>College & University</i>	<i>Under 65</i>	105	62.0	\$ 51,000.04
	<i>65-69</i>	173	67.0	\$ 51,997.51
	<i>Over 70</i>	355	75.0	\$ 35,813.04
<i>Judges</i>	<i>Under 65</i>	27	61.9	\$ 99,457.93
	<i>65-69</i>	13	68.3	\$ 97,569.54
	<i>Over 70</i>	55	75.0	\$ 91,488.00
<i>Labor</i>	<i>All</i>	453	67.0	\$ 33,572.01
<i>Total</i>		1,181	69.2	\$ 43,402.14

- Half the retirees are assumed to be male and half are assumed to be female.
- Judges information is from the data and not assumed except for 25 Judges age 70 and over who were given age 75 since there was no date of birth.

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Table C-3: Summary of Deferred Vested Members

	Retiree Medical		
	Count	Average Age	Average Service
<i>Traditional</i>	2,234	50.1	9.3
<i>College & University</i> ⁽¹⁾	858	51.4	11.0
<i>Judges</i>	43	53.0	12.4
<i>Labor</i>	90	51.0	15.9
<i>Total</i>	3,225	50.5	10.0

(1) College & University Vested Terminated Members is an estimate.

	Retiree Life		
	Count	Average Age	Average Service
<i>Traditional</i>	-	-	-
<i>College & University</i>	-	-	-
<i>Judges</i>	-	-	-
<i>Labor</i> ⁽²⁾	18	58.4	40.5
	18	58.4	40.5

(2) Only DOE members are eligible for post-retirement life.

The State of Idaho

Table C-4: Age and Service Distribution of Active Members

Age	Actives' Years of Service							Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above	
Under 25	558	7	-	-	-	-	-	565
25-29	1,112	180	1	-	-	-	-	1,293
30-34	1,068	512	61	1	-	-	-	1,642
35-39	945	587	302	102	1	-	-	1,937
40-44	923	603	416	339	75	-	-	2,356
45-49	899	680	523	459	271	109	10	2,951
50-54	782	645	592	665	427	293	140	3,544
55-59	587	525	518	579	403	365	312	3,289
60-64	260	303	221	269	215	150	209	1,627
65-69	49	73	72	53	30	32	45	354
70-74	15	20	16	6	8	5	10	80
75-79	5	3	2	1	-	-	3	14
80-84	2	2	-	-	-	-	2	6
85 & Over	-	-	-	-	-	-	-	-
Total Count	7,205	4,140	2,724	2,474	1,430	954	731	19,658

This work product was prepared solely to provide assistance to the State of Idaho. It may not be appropriate to use for other purposes.
Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

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Table C-5: Retiree Age Distributions by Benefit Type

Age	Retiree Benefit					
	Medical Retirees	Medical Dependents ⁽¹⁾	Life ⁽²⁾	LTD Income	LTD Waiver	LTD HI Cont ⁽³⁾
Under 35	-	-	-	3	11	7
35-39	-	-	-	3	14	7
40-44	2	-	-	6	16	5
45-49	6	1	-	18	46	18
50-54	27	9	-	26	73	24
55-59	195	45	3	35	112	36
60-64	573	385	128	49	149	22
65-69	667	241	639	35	93	2
70-74	625	234	371	3	11	-
75-79	479	219	36	-	7	-
80-84	291	159	3	-	6	-
85-89	197	72	1	-	5	-
90-94	53	38	-	-	1	-
95-99	9	3	-	-	-	-
100 & Over	-	-	-	-	-	-
Total Count	3,124	1,406	1,181	178	544	121

(1) Dependent ages are estimated, and 30 children are not included.

(2) Individual data not available for Retiree Life except for Judges.

(3) Distribution based on 101 of the average 121 members.

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Table C-6: Retiree and Dependent Medical Plan Distribution

<u>Medical Plans</u>	<u>Retirees and Survivors</u>			<u>Spouses and Dependents⁽¹⁾</u>			<u>Total</u>		
	<u>Pre 65</u>	<u>Post 65</u>	<u>Total</u>	<u>Pre 65</u>	<u>Post 65</u>	<u>Total</u>	<u>Pre 65</u>	<u>Post 65</u>	<u>Total</u>
PPO Basic RX Benefit	259	349	608	166	144	310	425	493	918
PPO Extended RX Benefit	56	141	197	23	55	78	79	196	275
TRAD Basic RX Benefit	358	1,323	1,681	210	561	771	568	1,884	2,452
TRAD Extended RX Benefit	130	508	638	71	206	277	201	714	915
Total	803	2,321	3,124	470	966	1,436	1,273	3,287	4,560

(1) Only tier information available, assumes max of 1 child per retiree.

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Table C-7: Treatment of Incomplete Data

ID	Size	Situation.	Assumption and Resolution.
1	515	ORP College & University VT information not available.	Estimate based on proportion of PERSI General actives to VTs.
2	3225	Vested Terminated Spouse Information not available for Post Retirement Medical.	Male spouses are assumed to be 3 years older than female spouses.
3	1181	Retiree Life individual data not available for College and University and Commerce and labor retirees.	Use grouped data to determine average age and salary, see C-2.
4	90	EITC and CSI individual active ORP salary not available for retiree life or LTD life benefits.	Use average salary: 46k.
5	2079	BUI, ISU, LCSC individual active ORP salary not available for retiree life or LTD life benefits.	Use average salary: 58k.
6	51	Active Labor in DOE individual salary not available for retiree life or LTD life benefits.	Use average salary: 37k.
7	123	PERSI actives with 0 salary.	Include in Actives.
8	1236	Active PERSI Records matched ORP Records.	Exclude from PERSI, maintain total service.
9	84	Vested Terminated PERSI Records matched ORP Records.	Exclude from PERSI, maintain total service.
10	1436	Data not available for dependents of retirees with medical.	Estimate age based on tier and three year spouse difference.
11	1	Active does not have Date of Birth.	Use 7/1/1959.

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Appendix D: Glossary

The following definitions are excerpts from other actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to the State of Idaho. Defined terms are capitalized throughout this Appendix.

Actuarial Accrued Liability	That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of postemployment plan benefits and expenses which is not provided for by future Normal Costs.
Actuarial Assumptions	Assumptions as to the occurrence of future events affecting OPEB costs, such as: mortality, withdrawal, disablement, retirement; changes in medical costs; and other relevant items.
Actuarial Cost Method	A procedure for determining the Actuarial Present Value of OPEB program benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.
Actuarial Gain (Loss)	A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.
Actuarial Present Value	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.
Actuarial Valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for an OPEB plan.
Actuarial Value of Assets	The value of cash, investments and other property belonging to an OPEB plan, as used by the actuary for the purpose of an Actuarial Valuation.
Amortization Payment	That portion of the ARC that is designed to recognize interest on and to amortize the Unfunded Actuarial Accrued Liability.

Annual Required Contributions (“ARC”)	This is the employer’s periodic required contribution to a defined benefit OPEB plan, calculated in accordance with the set of requirements for calculating actuarially determined OPEB information included in financial reports.
Attribution Period	The period of an employee’s service to which the expected postretirement benefit obligation for that employee is assigned. The beginning of the attribution period is the employee’s date of hire. The end of the attribution period is the time of assumed exit from OPEB active member status.
Benefit Payments	The monetary or in-kind benefits or benefit coverage to which participants may be entitled under a post employment benefit plan, including health care benefits and life insurance not provided through a pension plan.
GASB 43	The statement that establishes financial reporting standards for postemployment benefit <u>plans</u> other than pension plans.
GASB 45	The statement that establishes financial reporting standards for <u>employers</u> that sponsor postemployment benefits other than pensions
Net OPEB Obligation	This is the cumulative difference since the effective date of this statement between annual OPEB cost and the employer’s contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.
Normal Cost	That portion of the Actuarial Present Value of OPEB plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.
Other Postemployment Benefits (“OPEB”)	This refers to postemployment benefits other than pension benefits, including healthcare benefits regardless of the type of plan that provides them, and all other postemployment benefits provided separately from a pension plan, excluding benefits defined as termination benefits or offers.

Present Value of Future Benefits	<p>This is the value, as of the applicable date, of future payments for benefits and expenses under the Plan, where each payment is:</p> <ul style="list-style-type: none">(a) Multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and(b) Discounted at the assumed discount rate.
Projected Benefits	<p>Those OPEB plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.</p>
Substantive Plan	<p>The terms of the OPEB plan as understood by an employer that provides postretirement benefits and the employees who render services in exchange for those benefits. The substantive plan is the basis for the accounting for the plan.</p>
Trend Rate	<p>The rate of increase in per-person health costs paid by a plan as a result of factors such as price increases, utilization of healthcare services, plan design, and technological developments.</p>
Unfunded Actuarial Accrued Liability	<p>The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.</p>